



County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

March 10, 2016

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To: Supervisor Hilda L. Solis, Chair
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From: Sachi A. Hamai
Chief Executive Officer

SACRAMENTO UPDATE - LEGISLATION IN RESPONSE TO THE ALISO CANYON NATURAL GAS LEAK

Executive Summary

On January 12, 2016, the Board directed this office to report on legislation that would strengthen the State's oversight and regulations pertaining to gas storage facilities. This memorandum provides an interim report on recently introduced legislation of County interest related to the gas leak at the Aliso Canyon natural gas storage facility and proposed emergency regulations on oversight of gas storage facilities throughout the State.

Legislation of County Interest

AB 1902 (Wilk), which as introduced on February 11, 2016, would establish a three-year statute of limitations for commencing a civil action for injury, illness, or wrongful death based on exposure to methane, benzene, mercaptan, or any other hazardous material or toxic substance resulting from the Southern California Gas Company Aliso Canyon gas leak. The provisions of AB 1902 would only apply to a plaintiff whose domicile or residence was located within a 12-mile radius of the Aliso Canyon natural gas storage facility at any time between January 1, 2015 and December 31, 2016.

Existing law sets a two-year statute of limitations for commencing a civil action for injury, illness, or wrongful death based upon exposure to a hazardous material or toxic substance other than asbestos.

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AB 1902 is scheduled for a hearing in the Assembly Judiciary Committee on March 15, 2016.

AB 1903 (Wilk), which as introduced on February 11, 2016, would require the California Public Utilities Commission (CPUC) and the State Department of Public Health to jointly study the long-term health impacts of the natural gas leak from the Aliso Canyon storage facility. The bill also would require the CPUC to report its ongoing findings to the Legislature on or before January 1 of every even-numbered year from 2018 until 2032.

Under existing law, the CPUC has regulatory authority over public utilities, including gas corporations. The Natural Gas Pipeline Safety Act of 2011, within the Public Utilities Act, designates the commission as the State authority responsible for regulating and enforcing Federal law with respect to intrastate gas pipeline transportation and pipeline facilities. Existing law provides for the administration of various programs addressing public health by the State Department of Public Health.

AB 1903 has been referred to the Assembly Utilities and Commerce Committee and the Assembly Health Committee. Hearing dates have not been set.

AB 1904 (Wilk), which as introduced on February 11, 2016, would require the State Office of Environmental Health Hazard Assessment to submit a report to the Legislature, on or before January 1, 2018, that includes an assessment of the danger of odorants currently used in natural gas storage facilities to public health and safety, and the environment. The report must also identify alternative odorants for possible use in natural gas storage facilities. AB 1904 is an urgency measure and will require a two-thirds vote of the Legislature to pass. If signed by the Governor, this measure would take effect immediately.

Existing law authorizes the Occupational Safety and Health Standards Board to adopt, amend, and repeal occupational safety and health standards and orders. Under existing requirements, natural gas that is delivered into any vessel or system must have a distinctive odor of sufficient intensity so that the presence of the gas may be detected down to concentrations in air of not over 20 percent of the lower explosive limit. In addition, the odorants must be harmless to humans, nontoxic, and noncorrosive to certain metals.

AB 1904 has been referred to the Assembly Environmental Safety and Toxic Materials Committee. A hearing date has not been set.

AB 1905 (Wilk), which as introduced February 11, 2016, would require the Secretary of the Natural Resources Agency, on or before July 1, 2017, to conduct and complete an independent scientific study on natural gas injection and storage practices and facilities. AB 1905 is an urgency measure and will require a two-thirds vote of the Legislature to pass. If signed by the Governor, this measure would take effect immediately.

SB 4 (Chapter 313, Statutes of 2013) requires the Secretary of the Natural Resources Agency to complete an independent scientific study on well stimulation treatments. That study was released in July 2015. According to the author's office, AB 1905 would initiate an independent peer review of the natural gas industry and evaluate its standards for safety considerations.

AB 1905 has been referred to the Assembly Natural Resources Committee. A hearing date has not been set.

AB 2748 (Gatto), which as introduced on February 19, 2016, states the intent of the Legislature to enact legislation that would facilitate the resolution of claims for property damage against the Southern California Gas Company as a result of the natural gas at its Aliso Canyon gas storage facility.

AB 2748 is awaiting referral to a policy committee for a hearing.

AB 2756 (Thumond), which as introduced on February 19, 2016, would: 1) authorize the Department of Oil, Gas, and Geothermal Resources (DOGGR) to consider specified circumstances when establishing the amount of civil penalties for certain violations of the State's regulations of oil and gas, and to treat each day a violation occurs, or is not cured, as a separate violation; 2) make numerous changes to the appeals process and procedures for an operator of a well or production facility to appeal an order of DOGGR; and 3) make numerous changes to the provisions governing discovery in the context of an informal hearing before the director of DOGGR. The provisions regarding discovery would: 1) require a judge of the superior court to assign a case number for the proceeding or investigation, to issue an order prescribing the nature and scope of the proceeding or investigation, and to retain jurisdiction for the limited purpose of enforcing subpoenas issued in the proceeding or investigation; 2) authorize DOGGR to inspect the well site or production facilities of any owner or operator to ascertain whether the owner or operator is complying with the certain requirements; and 3) authorize DOGGR to require any owner or operator to furnish, under penalty of perjury, technical or monitoring reports.

Under existing law, a person who violates certain requirements related to the regulation of oil and gas is subject to a civil penalty not to exceed \$25,000 for each violation. Existing law requires DOGGR to consider specified circumstances when establishing

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the amount of the civil penalty. Existing law also establishes procedures for an operator of a well or production facility to appeal to the Director of Conservation from an order of the supervisor or a district deputy. Existing law requires a notice of appeal to be filed with the supervisor or with the district deputy who issued the order.

AB 2756 is awaiting referral to a policy committee for a hearing.

AB 2788 (Gatto), which as introduced on February 19, 2016, would require emergency regulations adopted by DOGGR to remain in effect until the adoption, amendment, or repeal of the regulation is promulgated by DOGGR.

AB 2788 is awaiting referral to a policy committee for a hearing.

SB 1383 (Lara), which as introduced on February 19, 2016, would require the California Air Resources Board (CARB) to approve and implement a comprehensive strategy by January 1, 2018, to reduce emissions of short-lived climate pollutants to achieve a reduction in methane by 40 percent, hydrofluorocarbon gases by 40 percent, and anthropogenic black carbon by 50 percent, below 2013 levels, by 2030.

The bill includes legislative intent that CARB, when developing the strategy, consider all of the following: 1) coordinating with other State and local agencies to develop the strategy; 2) conducting public hearings in geographically diverse locations throughout the State; 3) evaluating the best-available scientific, technological, and economic information to ensure that the strategy is cost effective and technologically feasible; and 4) considering the impact of the strategy on job growth and local economic benefits, public health, particularly in disadvantaged communities, and the potential for new innovation in technology, energy, and resource management practices.

SB 1383 is awaiting referral to a policy committee for a hearing.

The Departments of Public Health, Fire, and County Counsel are currently reviewing these bills. This office will compile departmental feedback and provide a report on potential impact of these measures to the County.

We will continue to keep you advised.

SAH:JJ:MR
VE:AO:ma

c: All Department Heads
Legislative Strategist